

Testimony of the Montana Society of CPAs
In Opposition to Senate Bill 121

SB 121 prohibits the sale and disclosure of tax return information by a Montana tax return preparer to an out-of-state preparer.

As originally drafted Section 5 of SB 121 exempted certified public accountants and attorneys from the act. The bill was amended in the Senate to exclude this provision, and the prohibitions contained in Section 1 now apply to CPAs. This amendment should be reversed, and Section 5 should be restored.

Including CPAs in the act is duplicative and subjects CPAs to conflicting requirements. State law already prohibits CPAs from revealing confidential tax information and provides:

37-50-402. Privileged communications -- exceptions. (1) Except by permission of the client, person, firm, or corporation engaging a certified or licensed public accountant or an employee of the accountant or by permission of the heirs, successors, or personal representatives of the client, person, firm, or corporation and except for the expression of opinions on financial statements, a certified public accountant, licensed public accountant, or employee thereof may not be required to disclose or divulge or voluntarily disclose or divulge information that the certified or licensed accountant or an employee may have relative to and in connection with any professional services as a public accountant. The information derived from or as a result of professional services is considered confidential and privileged.

(2) The provisions of this section do not apply to the testimony or documents of a public accountant furnished pursuant to a subpoena in a court of competent jurisdiction, pursuant to a board proceeding, or in the process of any board-approved practice review program.

Since all tax information received by a CPA is already confidential, SB 121 is duplicative and unnecessary. Please oppose SB 121.

Prepared by Holly Franz
On behalf of MT Society of CPAs
March 29, 2007